

BENTLEY COMMUNITY SCHOOL DISTRICT

BURTON, MICHIGAN

AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2008

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Lewis & Knopf, CPAs, P.C.

Serving You with Trust and Integrity

November 4, 2008

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Bentley Community School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bentley Community School District, as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Bentley Community School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bentley Community School District as of June 30, 2008, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover dated November 4, 2008 on our consideration of the Bentley Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis information on pages II - VIII, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bentley Community School District's basic financial statements. The additional information on pages 21 - 39 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lewis & Knopf PC

LEWIS & KNOFF, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

BENTLEY COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be the Bentley Community School District's Administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2008.

Generally accepted accounting principles (GAAP), according to GASB 34, requires the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

Fund Financial Statements:

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service and Athletics Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds – All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

District Wide Financial Statements:

The District wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and obligations of the District are reported in the Statement of Net Assets of the District wide financial statements.

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

BENTLEY COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

District Wide Financial Statements: (Continued)

These two statements report the Bentley Community School District net assets – the difference between assets and liabilities, as reported in the statement of net assets – as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net assets – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net assets and the statement of activities report the governmental activities for the School District, which encompasses all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

The School District as Trustee – Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity funds and its private purpose trust funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

SUMMARY OF NET ASSETS:

The following summarizes the net assets at the fiscal years ended June 30, 2008 and 2007:

	<u>NET ASSETS SUMMARY</u>	
	<u>2008</u>	<u>2007</u>
ASSETS		
Current Assets	\$2,807,263	\$2,829,717
Non-Current Assets	<u>5,919,169</u>	<u>6,087,224</u>
<u>TOTAL ASSETS</u>	<u>\$8,726,432</u>	<u>\$8,916,941</u>
<u>LIABILITIES</u>		
Current Liabilities	\$2,024,104	\$2,051,531
Long-Term Liabilities	<u>4,775,672</u>	<u>4,972,756</u>
Total Liabilities	<u>\$6,799,776</u>	<u>\$7,024,287</u>
<u>NET ASSETS</u>		
Invested in Capital Assets - Net of Related Debt	971,080	974,135
Restricted - Debt Retirement	125,381	159,636
Restricted - Capital Projects	441,945	457,046
Unrestricted	<u>388,250</u>	<u>301,837</u>
Total Net Assets	<u>\$1,926,656</u>	<u>\$1,892,654</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$8,726,432</u>	<u>\$8,916,941</u>

BENTLEY COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

RESULTS OF OPERATIONS:

For the fiscal years ended June 30, 2008 and 2007, the District wide results of operations were:

	<u>2008</u>	<u>2007</u>
REVENUES		
General Revenues:		
Property Taxes Levied for General Operations	\$1,111,732	\$1,068,722
Property Taxes Levied for Debt Retirement	341,786	327,753
State of Michigan Unrestricted Foundation Aid	5,868,273	5,709,781
Other General Revenues	<u>88,031</u>	<u>147,482</u>
Total General Revenues	\$7,409,822	\$7,253,738
 <u>Operating Grants:</u>		
Federal	598,785	557,673
State of Michigan	580,317	536,264
Other Operating Grants	<u>17,784</u>	<u>13,188</u>
Total Operating Grants	\$1,196,886	\$1,107,125
 Charges for Services:		
Food Service	135,806	143,740
Athletics	30,246	36,668
Other Charges for Services	<u>188,915</u>	<u>182,366</u>
Total Charges for Services	\$354,967	\$362,774
Total Revenues	\$8,961,675	\$8,723,637
 EXPENSES		
Instruction & Instructional Support	5,228,886	4,881,080
Support Services	2,823,746	2,743,914
Food Service	342,542	311,472
Athletics	229,823	274,136
Interest on Long-Term Debt	211,544	215,443
Depreciation	<u>90,832</u>	<u>90,833</u>
Total Expenses	\$8,927,373	\$8,516,878
 <u>INCREASE IN NET ASSETS</u>	\$34,302	\$206,759
 BEGINNING NET ASSETS	<u>1,892,654</u>	<u>1,685,895</u>
 <u>ENDING NET ASSETS</u>	<u><u>\$1,926,956</u></u>	<u><u>\$1,892,654</u></u>

BENTLEY COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

GOVERNMENT- WIDE FINANCIAL ANALYSIS

Analysis of Financial Position:

During the year ended June 30, 2008, the District's Total Net Assets increased by \$34,002 to a total of \$1,926,656. The largest portion of the net assets is the District's investment in capital assets. Net assets (invested in capital assets, net of related debt) decreased by \$3,055 during the year due to depreciation exceeding purchases of new capital assets and principal payments on related debt. The District's Unrestricted Net Assets increased by \$86,413 during the year and the restricted portion of the net assets decreased by \$49,356. The restricted Net Assets consist of the restricted capital projects funds that may only be used to fund capital projects. The unrestricted net assets may be used to fund the educational services provided to students.

Analysis of Results of Operations

The district's overall revenues exceeded its expenses for the year by \$34,002. The total revenues increased by \$238,038 over last years amounts due to increases in property taxes levied as well as increased state aid. Expenditures decreased by \$410,495 primarily as a result of staffing adjustments and reduced transfers to other funds.

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS

Analysis of Financial Position

The focus of the District's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the district's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. An analysis of changes for the governmental funds is as follows:

General Fund

The district's general fund is the chief operating fund of the district. Unreserved general fund balance increased by \$178,057 during the year with the increase coming primarily in cash. Revenues increased by \$238,996, due to increases in property taxes and state aid. Expenditures and other financing uses increased by \$176,214, primarily due to increased costs in the basic instruction and added needs areas. The major source of general fund revenues is state aid and taxes. An analysis of them is as follows:

1. State of Michigan Unrestricted Aid (Net State Foundation Grant)
The State of Michigan aid, unrestricted, is determined with the following variables:
 - a. State of Michigan State Aid Act per student foundation allowance
 - b. Student Enrollment - Blended at 75 percent of current year's fall count and 25 percent of prior year's winter count
 - c. The District's non-homestead tax levy.
2. Per Student, Foundation Allowance:
Annually, the State of Michigan establishes the per student foundation allowance. The Bentley Community School District foundation allowance was \$7,482 per student for the 2007-2008 school year.
3. Student Enrollment:
The District's student enrollment for the blended count of 2007-2008 was 967 students, an increase of 21 students from the prior year.

BENTLEY COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS (Continued)

Analysis of Financial Position (Continued)

General Fund (Continued)

4. Property Taxes Levied For General Operations (General Fund Non-Homestead Taxes)

The District levies 17.7917 mills of property taxes for operations (General Fund) on Non-Homestead Properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property tax revenue for the 2007-2008 fiscal year was \$1,144,459 which is an increase of \$76,318 from the prior year.

2004 Capital Projects Fund

The District's capital projects fund balance decreased by \$15,828. The primary source of revenue was interest revenue. Expenditures, which are restricted for construction projects, were \$17,173 for the year.

GENERAL FUND BUDGETARY HIGHLIGHTS:

GENERAL FUND BUDGET VS. ACTUAL

	Original Budget	Final Budget	Actual	Variance Original & Final Budget %	Variance Actual & Final Budget %
Revenue	\$7,922,581	\$8,227,181	\$8,217,828	3.84%	0.11
Expenditures	7,884,503	8,227,181	8,039,771	4.35%	2.28
<u>TOTAL</u>	<u>\$38,078</u>	<u>\$0</u>	<u>\$178,057</u>		

ANALYSIS OF BUDGETS:

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, Bentley Community School District amends its budget during the school year. The June, 2008 budget amendment was the final budget for the fiscal year. The variances between the original and final budget are due primarily to adjustments to unrestricted state aid due to an increase in blended count on which state aid is based and adjustments to various state and federal grants.

There were no significant variances between the actual revenues and the final amended budget.

The variances between the actual expenditures and the original and final amended budgets are primarily a result of employee salary and benefit adjustments to state and federal grants.

BENTLEY COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

CAPITAL ASSET AND DEBT ADMINISTRATION

A. Debt, Principal Payments

The District made principal payments on bonded, long term debt obligations that reduced the amount of the District's long term liabilities as follows:

	Principal Balance 7-1-07	Additions	Deductions	Principal Balance 6-30-08
General Obligation Bonds	\$5,113,089	\$0	\$165,000	\$4,948,089
Retirement Incentive	50,000	160,000	50,000	160,000
Compensated Absences	23,389	0	4,204	19,185
<u>Total Long-Term Debt</u>	<u>\$5,186,478</u>	<u>\$160,000</u>	<u>\$219,204</u>	<u>\$5,127,274</u>

During the 2007-2008 school year, four teachers agreed to a retirement incentive plan. This plan will pay two installments of \$40,000 between July 1, 2008 and ending June 30, 2009. The balance at June 30, 2008 is \$160,000.

B. Capital Assets

The district's net investment in capital assets decreased by \$168,055 during the 2007-08 fiscal year. This can be summarized as follows:

	Balance 7-1-07	Additions	Deductions	Balance 6-30-08
Capital Assets	\$6,765,756	\$0	\$0	\$6,765,756
Less: Accumulated Depreciation	<u>(5,034,210)</u>	<u>(168,055)</u>	<u>0</u>	<u>(5,202,265)</u>
<u>Net Investment Capital Outlay</u>	<u>\$1,731,546</u>	<u>(\$168,055)</u>	<u>\$0</u>	<u>\$1,563,491</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

* Foundation Allowance

The Board of Education and Administration agreed to an estimate of a foundation allowance of \$ 7,582 per pupil for the 2008-09 fiscal year based on information received from various educational organizations such as Michigan Association of School Business Officials, Michigan Association of School Administrators, and the Michigan Association of School Boards as well as discussions local state representatives. The political debate regarding the funding of public education, the current economic climate in the State of Michigan and the gubernatorial election will all affect this estimate before the final foundation allowance is known.

* Retirement Rates

The continuing cost of health insurance to current and potential retirees continues to drive the rate increases the Michigan School Personnel Retirement System recommends to the legislature for approval. The rate is anticipated to decrease to 16.54% from 16.72% in 2007-08.

BENTLEY COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (Continued)

- * The Bentley Community School District 2008-2009 adopted budget is as follows:

REVENUE	\$8,342,987
<u>EXPENDITURES</u>	<u>8,342,987</u>
<u>NET OVER BUDGET</u>	<u>\$0</u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Office, Bentley Community School District.

BENTLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2008

	<u>Governmental Activities</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$1,571,801
Investments	7,036
Due from Other Governmental Units	1,221,811
Inventory	3,745
Prepaid Expenses	2,870
Total Current Assets	<u>\$2,807,263</u>
<u>NON-CURRENT ASSETS</u>	
Construction in Progress	4,355,678
Capital Assets	6,765,756
Less: Accumulated Depreciation	<u>(5,202,265)</u>
Total Noncurrent Assets	<u>\$5,919,169</u>
<u>TOTAL ASSETS</u>	<u><u>\$8,726,432</u></u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$107,981
State Aid Anticipation Note Payable	1,031,689
Accrued Expenses	119,142
Salaries Payable	411,525
Deferred Revenue	2,165
Current Portion of Long-Term Obligations	351,602
Total Current Liabilities	<u>\$2,024,104</u>
<u>NON-CURRENT LIABILITIES</u>	
Noncurrent Portion of Long-Term Obligations	<u>4,775,672</u>
<u>TOTAL LIABILITIES</u>	<u>\$6,799,776</u>
<u>NET ASSETS</u>	
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	971,080
Restricted for:	
Debt Retirement	125,381
Capital Projects	441,945
Unrestricted	388,250
Total Net Assets	<u>\$1,926,656</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u><u>\$8,726,432</u></u>

See accompanying notes to the basic financial statements.

BENTLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue & Change in Net Assets</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Instruction	\$5,228,886	\$0	\$940,992	(\$4,287,894)
Support Services	2,823,746	188,915	38,630	(2,596,201)
Food Service	342,542	135,506	217,264	10,228
Athletics	229,823	30,246	0	(199,577)
Interest - Long-Term Obligations	211,544	0	0	(211,544)
Depreciation - Unallocated	90,832	0	0	(90,832)
<u>TOTALS</u>	<u>\$8,927,373</u>	<u>\$354,667</u>	<u>\$1,196,886</u>	<u>(\$7,375,820)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				1,453,518
State Aid				5,868,273
Grants and Contributions Not Restricted to				
Specific Programs				0
Investment Earnings				33,171
Miscellaneous				54,860
Total General Revenues and Transfers				<u>\$7,409,822</u>
Change in Net Assets				<u>\$34,002</u>
Net Assets - Beginning				<u>1,892,654</u>
<u>Net Assets - Ending</u>				<u>\$1,926,656</u>

See accompanying notes to the basic financial statements.

BENTLEY COMMUNITY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2008

	General Fund	2004 Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$969,243	\$312,567	\$289,991	\$1,571,801
Investments	7,036	0	0	7,036
Due from Other Governmental Units	1,219,123	0	2,688	1,221,811
Inventory	0	0	3,745	3,745
Prepaid Expenses	2,870	0	0	2,870
<u>TOTAL ASSETS</u>	<u>\$2,198,272</u>	<u>\$312,567</u>	<u>\$296,424</u>	<u>\$2,807,263</u>
<u>LIABILITIES</u>				
Accounts Payable	\$106,535	\$0	\$1,446	\$107,981
State Aid Anticipation Note Payable	1,031,689	0	0	1,031,689
Accrued Expenses	84,761	0	13	84,774
Salaries Payable	411,473	0	52	411,525
Deferred Revenue	2,165	0	0	2,165
Total Liabilities	\$1,636,623	\$0	\$1,511	\$1,638,134
<u>FUND BALANCES</u>				
Reserved For:				
Debt Retirement	0	0	125,381	125,381
Capital Projects	0	312,567	129,378	441,945
Unreserved:				
Undesignated, Reported In:				
General Fund	561,649	0	0	561,649
Special Revenue Funds	0	0	40,154	40,154
Total Fund Balances	<u>\$561,649</u>	<u>\$312,567</u>	<u>\$294,913</u>	<u>\$1,169,129</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$2,198,272</u>	<u>\$312,567</u>	<u>\$296,424</u>	<u>\$2,807,263</u>

See accompanying notes to the basic financial statements.

BENTLEY COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
AS OF JUNE 30, 2008

Total Governmental Fund Balances:		\$1,169,129
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$6,765,756 and the accumulated depreciation is \$5,202,265		
		1,563,491
Construction in Progress		4,355,678
Accrued Interest on Long-Term Debt		(34,368)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds Payable	\$4,948,089	
Retirement Incentive	160,000	
Compensated Absences	19,185	
Total Long-Term Liabilities		<u>(5,127,274)</u>
<u>TOTAL NET ASSETS -</u>		
<u>GOVERNMENTAL ACTIVITIES</u>		<u>\$1,926,656</u>

BENTLEY COMMUNITY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	2004 Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Local Sources	\$1,215,126	\$1,345	\$524,938	\$1,741,409
State Sources	6,423,178	0	25,412	6,448,590
Federal Sources	406,933	0	191,852	598,785
Total Revenues	\$8,045,237	\$1,345	\$742,202	\$8,788,784
<u>EXPENDITURES</u>				
Current:				
Instruction	5,118,886	0	0	5,118,886
Student Services	602,244	0	0	602,244
Instructional Support	73,953	0	0	73,953
General Administration	301,984	0	0	301,984
School Administration	570,322	0	0	570,322
Business Administration	127,494	0	0	127,494
Operation & Maintenance of Plant	638,391	0	0	638,391
Transportation	290,262	0	0	290,262
Support Services - Central	112,328	0	0	112,328
Support Services - Other	24,253	0	0	24,253
Food Service and Athletics	0	0	564,688	564,688
Debt Retirement	0	0	377,565	377,565
Capital Outlay	0	17,173	0	17,173
Total Expenditures	\$7,860,117	\$17,173	\$942,253	\$8,819,543
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$185,120	(\$15,828)	(\$200,051)	(\$30,759)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from (to) Other Funds	(179,654)	0	179,654	0
Other Transfers	172,591	0	0	172,591
Total Other Financing Sources (Uses)	(\$7,063)	\$0	\$179,654	\$172,591
Net Change in Fund Balance	\$178,057	(\$15,828)	(\$20,397)	\$141,832
<u>FUND BALANCE - BEGINNING</u>	383,592	328,395	315,310	1,027,297
<u>FUND BALANCE - ENDING</u>	\$561,649	\$312,567	\$294,913	\$1,169,129

See accompanying notes to the basic financial statements.

BENTLEY COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Total net change in fund balances - governmental funds	\$141,832
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	(168,055)
Issuance of Retirement Incentive	(160,000)
Retirement Incentive Payment	50,000
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.	165,000
Change in accrued interest on long-term liabilities	1,021
Decrease in accrued compensated absences	<u>4,204</u>
<u>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</u>	<u>\$34,002</u>

BENTLEY COMMUNITY SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2008

	Trust & Agency	Private Purpose Trusts		Total
		Non- Expendable	Expendable	
<u>ASSETS</u>				
Cash and Cash Equivalents	\$111,611	\$120,887	\$4,047	\$236,545
<u>TOTAL ASSETS</u>	\$111,611	\$120,887	\$4,047	\$236,545
<u>LIABILITIES</u>				
Due to Student Groups	111,611	0	0	111,611
<u>NET ASSETS - HELD IN TRUST FOR OTHERS</u>	<u>\$0</u>	<u>\$120,887</u>	<u>\$4,047</u>	<u>\$124,934</u>

See accompanying notes to the basic financial statements.

BENTLEY COMMUNITY SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Private Purpose Trusts</u>		
	<u>Non-</u>	<u>Expendable</u>	<u>Total</u>
	<u>Expendable</u>	<u>Expendable</u>	
<u>REVENUE</u>			
Interest	\$4,871	\$11	\$4,882
Donations	0	462	462
Total Revenue	\$4,871	\$473	\$5,344
<u>EXPENDITURES</u>			
Scholarships	0	120	120
<u>CHANGE IN NET ASSETS</u>	\$4,871	\$353	\$5,224
<u>NET ASSETS - BEGINNING OF YEAR</u>	116,016	3,694	119,710
<u>NET ASSETS - END OF YEAR</u>	\$120,887	\$4,047	\$124,934

See accompanying notes to the basic financial statements.

BENTLEY COMMUNITY SCHOOL DISTRICT
FIDUCIARY- NONEXPENDABLE TRUST FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest Received	\$4,871
Scholarships	<u>0</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	\$4,871
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	<u>116,016</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$120,887</u>

See accompanying notes to the basic financial statements.

BENTLEY COMMUNITY SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Local Sources	\$1,154,997	\$1,222,570	\$1,215,126	(\$7,444)
State Sources	6,185,841	6,424,899	6,423,178	(1,721)
Federal Sources	408,898	411,639	406,933	(4,706)
Total Revenues	<u>\$7,749,736</u>	<u>\$8,059,108</u>	<u>\$8,045,237</u>	<u>(\$13,871)</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	4,994,287	5,155,157	5,118,886	36,271
Student Services	570,057	607,839	602,244	5,595
Instructional Support	78,521	84,828	73,953	10,875
General Administration	283,555	310,870	301,984	8,886
School Administration	588,200	571,046	570,322	724
Business Administration	124,900	128,427	127,494	933
Operation & Maintenance of Plant	625,305	668,807	638,391	30,416
Transportation	279,616	322,038	290,262	31,776
Support Services - Central	116,159	154,319	112,328	41,991
Support Services - Other	29,903	29,850	24,253	5,597
Total Expenditures	<u>\$7,690,503</u>	<u>\$8,033,181</u>	<u>\$7,860,117</u>	<u>\$173,064</u>
Excess of Revenues Over Expenditures	<u>\$59,233</u>	<u>\$25,927</u>	<u>\$185,120</u>	<u>\$159,193</u>
<u>OTHER FINANCING SOURCES (USES)</u>	<u>(21,155)</u>	<u>(25,927)</u>	<u>(7,063)</u>	<u>18,864</u>
Net Change in Fund Balance	<u>\$38,078</u>	<u>\$0</u>	<u>\$178,057</u>	<u>\$178,057</u>
<u>FUND BALANCE - BEGINNING</u>			<u>383,592</u>	
<u>FUND BALANCE - ENDING</u>			<u>\$561,649</u>	

See accompanying notes to the basic financial statements.

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

1) REPORTING ENTITY

The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing arrangements. Based on application of the criteria, the entity does not contain component units.

The District receives funding from local, state, federal and interdistrict government sources and must comply with the accompanying requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority, the authority to levy taxes, and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Bentley Community School District conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the significant accounting policies:

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

A Management Discussion and Analysis (MD&A) section to provide an analysis of the District’s overall financial position and results of operations.

Financial statements prepared with full accrual accounting for all of the District’s activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements and notes to the financial statements.

A) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the District’s activities are classified as governmental activities. Fiduciary funds are not included in the government-wide financial statements.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District’s functions. General government revenues also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

The District does not allocate indirect costs. Inter-fund transactions have been eliminated in the government-wide financial statements.

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the general-purpose financial statements in this report, into five generic fund types in two broad fund categories as follows:

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund

The General Fund is used to record the general operations of the District pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Special Revenue Funds

Special Revenue Funds are used to segregate the transactions of particular activities from regular revenue and expenditure accounts. The District maintains full control of these funds. The District maintains two school service funds: Food Service and Athletic Funds.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds

The Capital Projects Funds are used to account for the acquisition and construction of major facilities by the School District. The Capital Projects Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of §1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and of Sinking Funds in Michigan.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The District's fiduciary funds consist of agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are used to account for amount held for student and employee groups.

Expendable Trust Funds – The expendable trust funds consists of the following funds:

Chris Anderson Memorial Scholarship Fund – This fund is used to account for funds entrusted to the School District for scholarship awards.

Harry C. Hewig Fund – This fund is used to account for funds entrusted to the School District to provide short-term loans for professional staff development.

Nonexpendable Trust Fund – Sophia L. Waldbauer Scholarship Fund is a nonexpendable trust fund used to account for funds entrusted to the School District for scholarship awards.

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Accrual

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within 60 days of year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 40 *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the district intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by no less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) PREPAID ASSETS

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

F) INVENTORY

On government-wide financial statements are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. Inventory in governmental funds consists of expendable supplies held for consumption.

G) CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) using a \$5,000 capitalization threshold and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u> <u>Estimated Lives</u>
Buildings and Improvements	20 – 50 years
Furniture and Equipment	5 – 10 years
Vehicles and Buses	5 years

H) INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities columns of the statement of net assets.

I) COMPENSATED ABSENCES

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) COMPENSATED ABSENCES

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

K) FUND BALANCE RESERVES

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for inventories.

L) NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

M) ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N) BUDGETARY DATA

The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

The School District follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N) BUDGETARY DATA (Continued)

- 1) Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
- 2) A public hearing is conducted during June to obtain taxpayer comments.
- 3) Prior to June 30, the budget is legally enacted through passage of a resolution.
- 4) For purposes of meeting emergency needs of the School District, transfer of appropriations may be made by the authorization of the Superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.
- 5) The School Superintendent is charged with general supervision of the budget and shall hold the department heads responsible for performance of their responsibilities.
- 6) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1968 PA 2 provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the School District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the School District for these budgetary funds were adopted to the functional level.

4) DEPOSITS AND INVESTMENTS

As of June 30, 2008, the District had the following investments.

Investment Type	Fair value	Weighted Average Maturity (Years)	Standard & Poor's Rating	Portfolio %
MILAF External Investment Pool - MIMAX	\$ 7,036	0.0027	AAAm	100.00%
Portfolio weighted average maturity		<u>0.0027</u>		

1 day maturity equals 0.0027, one year equals 1.00.

Interest rate risk. In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

4) DEPOSITS AND INVESTMENTS (Continued)

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2008, the District's investment in the investment pool was rated AAA by Standards & Poor's and AAA by Moody's Investors Service.

Concentration of credit risk. The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5% of the District's investments are in pooled investment accounts which represents 100% of the District's total investments.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2008, \$1,384,542 of the District's bank balance of \$2,038,099 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk.

The above amounts as previously report in Note 4:

Deposits – Including Fiduciary Funds of \$236,545	\$ 1,808,346
Investments	<u>7,036</u>
<u>TOTAL</u>	<u>\$ 1,815,382</u>

The above amounts are reported in the financial statements as follows:

Cash – Agency Fund	\$ 111,611
Cash – Private Purpose Trusts	124,934
Cash – District Wide	1,571,801
Investments – District Wide	<u>7,036</u>
<u>TOTAL</u>	<u>\$ 1,815,382</u>

5) PROPERTY TAXES

The School District levies winter and summer property taxes and various municipalities collect its property taxes and remit them to the District. The delinquent real property taxes of the District are purchased by the County, and delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The county sells tax notes, the proceeds of which have been used to pay the District for these delinquent real property taxes. These delinquent real property taxes have been recorded as revenue in the current year.

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

6) **RECEIVABLES**

Receivables at June 30, 2008, consist of taxes, accounts (fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables (due from other governmental units) follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>AMOUNT</u>
State Aid	\$ 1,156,675
Federal Grants	16,862
Other Grant Programs & Fees	48,274
<u>TOTAL GOVERNMENTAL ACTIVITIES</u>	<u>\$ 1,221,811</u>

7) **UNEMPLOYMENT COMPENSATION**

The District is subject to the Michigan Employment Security Act and has elected the reimbursement method of financing. Under this method, the District must reimburse the Employment Commission for all benefits charged against the District for the year. As of June 30, 2008 the School District had estimated claims payable of \$3,235 in conjunction with the program.

8) **SHORT-TERM DEBT**

The District borrowed \$1,000,000 at 3.68% per annum on August 20, 2007, from Citizens Bank on a State Aid Anticipation Note. The short-term note proceeds were used to meet cash flow needs. The note was repaid August 20, 2008. The balance at June 30, 2008 includes accrued interest of \$31,689.

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
State Aid Note	\$1,000,000	\$1,031,689	\$1,000,000	\$1,031,689

9) **CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
GOVERNMENTAL ACTIVITIES				
Buildings and Improvements	\$3,938,605	\$0	\$0	\$3,938,605
Land Improvements	1,686,518	0	0	1,686,518
Equipment and Furniture	205,004	0	0	205,004
Vehicles	935,629	0	0	935,629
Totals at Historical Cost	\$6,765,756	\$0	\$0	\$6,765,756
Less: Accumulated Depreciation				
Buildings and Improvements	(2,887,632)	(80,387)	0	(2,968,019)
Land Improvements	(1,584,909)	(13,492)	0	(1,598,401)
Equipment and Furniture	(167,345)	(6,242)	0	(173,587)
Vehicles	(394,324)	(67,934)	0	(462,258)
Total Accumulated Depreciation	(\$4,926,647)	(\$168,055)	\$0	(\$5,202,265)
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>CAPITAL ASSETS - NET</u>	<u>\$1,839,109</u>	<u>(\$168,055)</u>	<u>\$0</u>	<u>\$1,563,491</u>

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

9) CAPITAL ASSETS (Continued)

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the statement of activities as "unallocated". Depreciation was recorded on the statement of activities as follows:

Support Services	\$ 69,546
Athletics	7,677
Unallocated	<u>90,832</u>
 <u>TOTAL DEPRECIATION EXPENSE</u>	 <u>\$ 168,055</u>

10) SELF INSURANCE POOL

The School District participates in a public entity risk pool (self-insurance pool) for its workers' compensation, property and casualty, general liability, and boiler insurance. The pool is through the MASB/SET/SEG and is administered by Corporate Services. The pool provides for reinsurance by various insurance companies at various levels, depending on the coverage. Should the pool experience significant losses in the aggregate, the School District may be required to pay additional monies to the pool. At present, the MASB/SET/SEG has not required additional funds, but rather has issued refunds based on experience gains over experience losses over the last few years. Premiums for the year ended June 30, 2008 were \$56,368 and the School District received a dividend refund of \$0.

11) GENERAL LONG-TERM DEBT

A) Durant Resolution Package Bonds

Bentley Community School District issued Durant Resolution Bonds on November 24, 1998 in the amount of \$149,883 at the interest rate of 4.7613%. The bonds are a legal obligation of the school district but the annual State of Michigan appropriation is the only revenue source for making the annual debt service payments on the bonds. If the legislature fails to appropriate the bonds, the district is under no obligation for payment. The balance at June 30, 2008 was \$123,089.

B) 2004 General Obligation School Building and Site Bonds

Bentley Community School District has issued General Obligation Bonds dated August 1, 2004 in the amount of \$4,600,000, for the purpose of remodeling, furnishing and equipping school buildings; acquiring, installing and equipping technology for school buildings; developing and improving sites; and erecting a multi-purpose room addition to Barhitte Elementary School. The bonds mature serially through May 1, 2030, at varying principal amounts. Interest rates on the bonds range from 3.40% to 4.75% per annum. The balance of the bonds at June 30, 2008, was \$4,400,000.

C) 2006 General Obligation School Building and Site Bonds

Bentley Community School District has issued School Bus Bonds dated June 28, 2006 in the amount of \$570,000. The bonds mature serially through May 1, 2013, at varying principal amounts. Interest rates on the bonds are 4.05% per annum. The balance of the bonds at June 30, 2008, was \$425,000.

D) Retirement Incentive

During the 2005-2006 school year, five teachers agreed to a retirement incentive plan. This plan will pay three installments of \$10,000 beginning July 1, 2006 and continue on each July 1st until paid. The balance at June 30, 2008 is \$0.

During the 2007-2008 school year, four teachers agreed to a retirement incentive plan. This plan will pay two installments of \$80,000 beginning July 1, 2008 and continue on each July 1st until paid. The balance at June 30, 2008 is \$160,000. The retirement incentive was paid in full on July 3, 2008 and August 29, 2008.

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

11) GENERAL LONG-TERM DEBT (Continued)

E) Annual Principal Requirements

The annual principal requirements for all debts outstanding as of June 30, 2008 are as follows:

	Bonds Payable	Retirement Incentive	Interest	Total
June 30, 2009	\$191,602	\$160,000	\$209,245	\$560,847
June 30, 2010	207,153	0	202,020	409,173
June 30, 2011	282,022	0	218,686	500,708
June 30, 2012	228,338	0	185,961	414,299
June 30, 2013	238,974	0	177,397	416,371
June 30, 2014-2018	810,000	0	783,190	1,593,190
June 30, 2019-2023	1,050,000	0	599,195	1,649,195
June 30, 2024-2028	1,325,000	0	339,030	1,664,030
June 30, 2029-2030	615,000	0	43,937	658,937
<u>TOTAL</u>	<u>\$4,948,089</u>	<u>\$160,000</u>	<u>\$2,758,661</u>	<u>\$7,866,750</u>

The payment dates of sick and longevity days payable is undeterminable. The interest expenditures on long-term obligations for the year ended June 30, 2008, was \$212,339.

F) Changes in General Long-Term Debt

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008	Amount Due in One Year
<u>Governmental Activities:</u>					
Durant Bonds	\$123,089	\$0	\$0	\$123,089	\$11,602
General Obligation Bonds	4,990,000	0	165,000	4,825,000	180,000
Retirement Incentive	50,000	160,000	50,000	160,000	160,000
Compensated Absences	23,389	0	4,204	19,185	0
<u>Total Governmental Activities</u>	<u>\$5,186,478</u>	<u>\$160,000</u>	<u>\$219,204</u>	<u>\$5,127,274</u>	<u>\$351,602</u>

12) OPERATING LEASES

The District currently leases buses, and copier machines. The minimum monthly payments and maturity dates are as follows:

	<u>MONTHLY PAYMENT</u>	<u>MATURITY DATE</u>
Xerox Lease – Copiers	\$3,072	November, 2010

The future minimum payments are as follows:

2009	\$ 36,861
2010	15,359
<u>TOTAL</u>	<u>\$ 52,220</u>

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

13) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2008, consisted of the following:

TRANSFERS TO	TRANSFERS FROM	
	General	
	Fund	
Special Revenue Fund		<u>\$179,654</u>

These transfers were made to subsidize the cost of services for athletics.

14) DEFINED BENEFIT PENSION PLAN

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The MPERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the MPERS at 7150 Harris Drive, PO Box 30673, Lansing, MI 48909-8103.

Funding Policy

Employer contributions to the MPERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate totals 17.74 percent for the period July 1, 2007 through September 30, 2007 and 16.72 percent for the period October 1, 2007 through June 30, 2008 of the covered payroll to the plan. Basic plan members make no contributions, but contribute to a member investment plan (MIP) at rates ranging from 3 percent to 4.3 percent of gross wages. The School District's contributions to the MPERS pension plan for the years ended June 30, 2008, 2007, and 2006 were \$754,615, \$798,830 and \$735,503, respectively.

Postemployment Benefits

Under the MPERS Act, all retirees participating in the MPERS pension plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverages. Required contributions for postemployment health care benefits are included as part of the School District's total contribution to the MPERS pension plan discussed above.

15) RISK MANAGEMENT

The District is exposed to various risks of loss in conducting its operations, from property and casualty theft, damage to various tort and liability claims and workman's compensation claims. The District limits its exposure to such claims through its participation in and payments of premiums to SET-SEG, Inc. Insurance Trust. This pool maintains a loss fund and is also required by the terms of the participation agreement to obtain insurance and reinsurance as necessary.

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

15) RISK MANAGEMENT (Continued)

The terms of the participation agreement with the pool indicate that, should losses of the pool incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may access its member districts on a pro-rata basis to cover excess losses. In past years the loss fund has exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The District's management believes that participation in this pool provides sufficient coverage to protect the District from any significant adverse financial impact.

16) CONTINGENCIES AND COMMITMENTS

The District participates in a number of federally assisted grant programs. These programs are subject to program compliance audits. The audits of these programs for and including the year ended June 30, 2008, have been conducted and have been reported in this audit report. However, the compliance audit reports have not yet been accepted by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time; although the District expects such amounts, if any, to be immaterial.

17) SUBSEQUENT EVENTS

The District has approved borrowing \$1,150,000 at 1.7% on a State Aid Anticipation Note to meet cash flow needs for the 2008-2009 fiscal year. The Bonds will be issued August 20, 2008.

OTHER SUPPLEMENTAL
INFORMATION

BENTLEY COMMUNITY SCHOOL DISTRICT
OTHER GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2008

	Special Revenue Funds	Debt Retirement Funds	Capital Projects Funds	Total Other Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$35,232	\$125,381	\$129,378	\$289,991
Due From Other Governmental Units	2,688	0	0	2,688
Inventory	3,745	0	0	3,745
<u>TOTAL ASSETS</u>	<u>\$41,665</u>	<u>\$125,381</u>	<u>\$129,378</u>	<u>\$296,424</u>
<u>LIABILITIES</u>				
Accounts Payable	\$1,446	\$0	\$0	\$1,446
Accrued Expenses	13	0	0	13
Salaries Payable	52	0	0	52
Total Liabilities	\$1,511	\$0	\$0	\$1,511
<u>FUND BALANCES</u>				
Unreserved	40,154	0	0	40,154
Reserved For:				
Debt Retirement	0	125,381	0	125,381
Capital Projects	0	0	129,378	129,378
Total Fund Balances	\$40,154	\$125,381	\$129,378	\$294,913
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$41,665</u>	<u>\$125,381</u>	<u>\$129,378</u>	<u>\$296,424</u>

BENTLEY COMMUNITY SCHOOL DISTRICT
OTHER GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds	Debt Retirement Funds	Capital Projects Funds	Total Other Governmental Funds
<u>REVENUES</u>				
Local Sources	\$180,901	\$343,310	\$727	\$524,938
State Sources	25,412	0	0	25,412
Federal Sources	191,852	0	0	191,852
Total Revenues	\$398,165	\$343,310	\$727	\$742,202
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from Other Funds	179,654	0	0	179,654
Total Revenues & Other Financing Sources	\$577,819	\$343,310	\$727	\$921,856
<u>EXPENDITURES</u>				
Special Revenue	564,688	0	0	564,688
Debt Retirement	0	377,565	0	377,565
Total Expenditures	\$564,688	\$377,565	\$0	\$942,253
Net Change in Fund Balance	\$13,131	(\$34,255)	\$727	(\$20,397)
<u>NET ASSETS - BEGINNING</u>	27,023	159,636	128,651	315,310
<u>NET ASSETS - ENDING</u>	\$40,154	\$125,381	\$129,378	\$294,913

BENTLEY COMMUNITY SCHOOL DISTRICT
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2008

	Food Service	Athletic Activities	Total
<u>ASSETS</u>			
Cash	\$34,671	\$561	\$35,232
Due From Other Governmental Units	2,688	0	2,688
Inventory	3,745	0	3,745
<u>TOTAL ASSETS</u>	<u>\$41,104</u>	<u>\$561</u>	<u>\$41,665</u>
<u>LIABILITIES</u>			
Accounts Payable	\$950	\$496	\$1,446
Accrued Expenses	0	13	13
Salaries Payable	0	52	52
Total Liabilities	\$950	\$561	\$1,511
<u>FUND BALANCE</u>			
Unrestricted	40,154	0	40,154
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$41,104</u>	<u>\$561</u>	<u>\$41,665</u>

BENTLEY COMMUNITY SCHOOL DISTRICT
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Food Service</u>	<u>Athletic Activities</u>	<u>Total</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Cafeteria Sales	\$135,506	\$0	\$135,506
Athletic Activities	0	30,246	30,246
Other Local Sources	2,903	12,246	15,149
Total Local Sources	<u>\$138,409</u>	<u>\$42,492</u>	<u>\$180,901</u>
<u>State Sources</u>			
State Reimbursements	25,412	0	25,412
<u>Federal Sources</u>			
Federal Reimbursements	172,866	0	172,866
Commodities	18,986	0	18,986
Total Federal Sources	<u>\$191,852</u>	<u>\$0</u>	<u>\$191,852</u>
Total Revenues	<u>\$355,673</u>	<u>\$42,492</u>	<u>\$398,165</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers from General Fund	0	179,654	179,654
Total Revenues and Other Financing Sources	<u>\$355,673</u>	<u>\$222,146</u>	<u>\$577,819</u>
<u>EXPENDITURES</u>			
Salaries - Professional	0	26,250	26,250
Salaries - Non-Professional	82,415	97,441	179,856
Insurances	16,989	12,561	29,550
Fica, Retirement, Etc.	24,156	29,425	53,581
Other Benefits	3,880	1,307	5,187
Purchased Services	20,221	25,353	45,574
Supplies and Materials	193,415	21,095	214,510
Capital Outlay	0	2,707	2,707
Other	1,466	6,007	7,473
Total Expenditures	<u>\$342,542</u>	<u>\$222,146</u>	<u>\$564,688</u>
<u>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</u>	<u>\$13,131</u>	<u>\$0</u>	<u>\$13,131</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>\$27,023</u>	<u>\$0</u>	<u>\$27,023</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$40,154</u>	<u>\$0</u>	<u>\$40,154</u>

BENTLEY COMMUNITY SCHOOL DISTRICT
DEBT RETIREMENT FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2008

	<u>2004</u> <u>Debt</u>	<u>2006</u> <u>Debt</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	<u>\$96,754</u>	<u>\$28,627</u>	<u>\$125,381</u>
<u>TOTAL ASSETS</u>	<u>\$96,754</u>	<u>\$28,627</u>	<u>\$125,381</u>
<u>FUND BALANCE</u>			
Restricted - Debt Retirement	<u>\$96,754</u>	<u>\$28,627</u>	<u>\$125,381</u>

BENTLEY COMMUNITY SCHOOL DISTRICT
DEBT RETIREMENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008

	<u>2004</u> <u>Debt</u>	<u>2006</u> <u>Debt</u>	<u>Total</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Property Taxes	\$215,395	\$126,391	\$341,786
Interest	<u>1,524</u>	<u>0</u>	<u>1,524</u>
Total Local Sources	\$216,919	\$126,391	\$343,310
 <u>EXPENDITURES</u>			
Principal	85,000	80,000	165,000
Interest	191,886	20,453	212,339
Other	<u>226</u>	<u>0</u>	<u>226</u>
Total Expenditures	<u>\$277,112</u>	<u>\$100,453</u>	<u>\$377,565</u>
 <u>EXCESS REVENUES OVER (UNDER)</u> <u>EXPENDITURES</u>	 <u>(\$60,193)</u>	 <u>\$25,938</u>	 <u>(\$34,255)</u>
 <u>FUND BALANCE - BEGINNING OF YEAR</u>	 <u>\$156,947</u>	 <u>\$2,689</u>	 <u>\$159,636</u>
 <u>FUND BALANCE - END OF YEAR</u>	 <u>\$96,754</u>	 <u>\$28,627</u>	 <u>\$125,381</u>

BENTLEY COMMUNITY SCHOOL DISTRICT
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2008

	2000 Sinking Capital Projects	2006 Capital Projects	Total
<u>ASSETS</u>			
Cash	\$114,144	\$15,234	\$129,378
<u>TOTAL ASSETS</u>	<u>\$114,144</u>	<u>\$15,234</u>	<u>\$129,378</u>
<u>FUND BALANCE</u>			
Restricted - Capital Projects	<u>\$114,144</u>	<u>\$15,234</u>	<u>\$129,378</u>

BENTLEY COMMUNITY SCHOOL DISTRICT
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008

	2000 Sinking Capital Projects	2006 Capital Projects	Total
<u>REVENUES</u>			
<u>Local Sources</u>			
Interest	\$727	\$0	\$727
<u>EXPENDITURES</u>			
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>
<u>EXCESS REVENUES OVER (UNDER)</u> <u>EXPENDITURES</u>	<u>\$727</u>	<u>\$0</u>	<u>\$727</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>\$113,417</u>	<u>\$15,234</u>	<u>\$128,651</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$114,144</u>	<u>\$15,234</u>	<u>\$129,378</u>

BENTLEY COMMUNITY SCHOOL DISTRICT
TRUST AND AGENCY
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2008

	PRIVATE PURPOSE TRUSTS			AGENCY	TOTAL
	Nonexpendable	Expendable			
	Trust - Sophia L. Waldbauer Scholarship Fund	Chris Anderson Memorial Scholarship Fund	Harry C. Hewig Fund	Student Activities Fund	
<u>ASSETS</u>					
Cash and Cash Equivalents	\$120,887	\$809	\$3,238	\$111,611	\$236,545
<u>TOTAL ASSETS</u>	<u>\$120,887</u>	<u>\$809</u>	<u>\$3,238</u>	<u>\$111,611</u>	<u>\$236,545</u>
<u>LIABILITIES</u>					
Due to Student Groups	\$0	\$0	\$0	\$111,611	\$111,611
<u>FUND EQUITY</u>					
Restricted for Scholarships	99,228	0	0	0	99,228
Unreserved					
Designated for Staff Education	0	0	3,238	0	3,238
Designated for Scholarships	21,659	809	0	0	22,468
Total Fund Equity	<u>\$120,887</u>	<u>\$809</u>	<u>\$3,238</u>	<u>\$0</u>	<u>\$124,934</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$120,887</u>	<u>\$809</u>	<u>\$3,238</u>	<u>\$111,611</u>	<u>\$236,545</u>

BENTLEY COMMUNITY SCHOOL DISTRICT
TRUST AND AGENCY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008

	PRIVATE PURPOSE TRUSTS			
	Nonexpendable	Expendable		
	Trust - Sophia L. Waldbauer Scholarship Fund	Chris Anderson Memorial Scholarship Fund	Harry C. Hewig Fund	TOTAL
<u>REVENUE</u>				
<u>Local Sources</u>				
Interest on Investments	\$4,871	\$2	\$9	\$4,882
Donations	0	0	462	462
Total Revenue	\$4,871	\$2	\$471	\$5,344
<u>EXPENDITURES</u>				
Scholarships	0	120	0	120
<u>EXCESS REVENUES OVER</u> <u>EXPENDITURES</u>	\$4,871	(\$118)	\$471	\$5,224
<u>FUND BALANCE - BEGINNING OF YEAR</u>	116,016	927	2,767	119,710
<u>FUND BALANCE - END OF YEAR</u>	\$120,887	\$809	\$3,238	\$124,934

INDIVIDUAL FUND SCHEDULES

BENTLEY COMMUNITY SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
FOR THE YEAR ENDED JUNE 30, 2008

REVENUESLocal Sources:

Property Tax Levy	\$1,111,732
Tuition	16,324
Medicaid	17,784
Earnings on Investments	29,575
Other Local Revenue	39,711
Total Local Sources	<u>\$1,215,126</u>

State Sources:

State Aid	5,868,273
At Risk	159,049
Special Education	285,856
Durant	20,846
MI School Readiness	43,639
Other State Grant	45,515
Total State Sources	<u>\$6,423,178</u>

Federal Sources:

I.D.E.A.	242,621
Improving Teacher Quality	47,187
Other Grants from ISD	2,830
Medicaid	4,949
Technology Literacy	768
Title I	108,309
Title V	269
Total Federal Sources	<u>\$406,933</u>
Total Revenues	<u>\$8,045,237</u>

OTHER FINANCING SOURCES

Transfers from Other Governmental Units	102,063
County Special Education Tax	70,528
Total Other Financing Sources	<u>\$172,591</u>

TOTAL REVENUES AND OTHER FINANCING SOURCES

\$8,217,828

BENTLEY COMMUNITY SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2008

INSTRUCTIONBASIC PROGRAMSElementary

Salaries - Professional	\$839,060
Salaries - Non-Professional	34,553
Insurances	204,036
Fica, Retirement, Etc.	218,169
Other Benefits	24,010
Purchased Services	15,605
Supplies & Materials	18,201
Capital Outlay	634
Other	80
Total Elementary	<u>\$1,354,348</u>

Junior High School

Salaries - Professional	794,519
Salaries - Non-Professional	23,026
Insurances	177,704
Fica, Retirement, Etc.	205,369
Other Benefits	36,709
Purchased Services	15,879
Supplies & Materials	14,631
Capital Outlay	6,600
Other	525
Total Junior High School	<u>\$1,274,962</u>

High School

Salaries - Professional	777,175
Salaries - Non-Professional	49,076
Insurances	213,578
Fica, Retirement, Etc.	206,266
Other Benefits	26,105
Purchased Services	38,279
Supplies & Materials	34,489
Capital Outlay	4,593
Other	810
Total High School	<u>\$1,350,371</u>

Preschool

Salaries - Professional	21,442
Salaries - Non-Professional	7,401
Fica, Retirement, Etc.	7,131
Other Benefits	127
Purchased Services	597
Supplies & Materials	7,750
Total Preschool	<u>\$44,448</u>

BENTLEY COMMUNITY SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2008

INSTRUCTION (Continued)BASIC PROGRAMS (Continued)Summer School

Salaries - Professional	\$19,315
Fica, Retirement, Etc.	4,796
Total Summer School	<u>\$24,111</u>

<u>Total Basic Programs</u>	\$4,048,240
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ADDED NEEDSSpecial Education

Salaries - Professional	515,454
Salaries - Non-Professional	66,764
Insurances	132,606
Fica, Retirement, Etc.	145,749
Other Benefits	7,414
Purchased Services	4,474
Supplies & Materials	9,552
Other	79,021
Total Special Education	<u>\$961,034</u>

Compensatory Education

Salaries - Professional	54,370
Salaries - Non-Professional	19,711
Insurances	17,191
Fica, Retirement, Etc.	18,338
Other Benefits	2
Total Compensatory Education	<u>\$109,612</u>

<u>Total Added Needs</u>	<u>\$1,070,646</u>
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Total Instruction	\$5,118,886
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SUPPORT SERVICESStudent Services

Salaries - Professional	346,222
Salaries - Non-Professional	39,026
Insurances	89,218
Fica, Retirement, Etc.	95,692
Other Benefits	3,679
Purchased Services	22,984
Supplies & Materials	5,323
Other	100
Total Student Services	<u>\$602,244</u>

BENTLEY COMMUNITY SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2008

SUPPORT SERVICES (Continued)

Instructional Staff

Salaries - Non-Professional	\$46,240
Fica, Retirement, Etc.	11,488
Other Benefits	799
Purchased Services	10,396
Supplies & Materials	5,030
Total Instructional Staff	<u>\$73,953</u>

General Administration

Salaries - Professional	111,415
Salaries - Non-Professional	44,194
Insurances	22,112
Fica, Retirement, Etc.	37,476
Other Benefits	9,214
Purchased Services	66,778
Supplies & Materials	3,365
Other	7,430
Total General Administration	<u>\$301,984</u>

School Administration

Salaries - Professional	80,000
Salaries - Non-Professional	145,938
Insurances	62,759
Fica, Retirement, Etc.	57,740
Other Benefits	12,250
Purchased Services	203,609
Supplies & Materials	5,658
Other	2,368
Total School Administration	<u>\$570,322</u>

Business Administration

Purchased Services	80,207
Other	47,287
Total Business Administration	<u>\$127,494</u>

Operation & Maintenance of Plant

Salaries - Professional	13,125
Salaries - Non-Professional	155,567
Insurances	33,260
Fica, Retirement, Etc.	48,595
Other Benefits	2,922
Purchased Services	116,378
Supplies & Materials	258,611
Capital Outlay	4,179
Other	5,754
Total Operation & Maintenance	<u>\$638,391</u>

BENTLEY COMMUNITY SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2008

SUPPORT SERVICES (Continued)Transportation Services

Salaries - Professional	\$13,125
Salaries - Non-Professional	80,759
Insurances	68,466
Fica, Retirement, Etc.	26,038
Other Benefits	815
Purchased Services	59,580
Supplies & Materials	41,177
Other	302
Total Transportation Services	<u>\$290,262</u>

Support Services - Central

Purchased Services	100,254
Supplies & Materials	11,436
Other	638
Total Support Services - Central	<u>\$112,328</u>

Other Support Services

Salaries - Non-Professional	19,500
Fica, Retirement, Etc.	4,753
Total Other Support Services	<u>\$24,253</u>

Total Support Services	<u>\$2,741,231</u>
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<u>Total Expenditures</u>	\$7,860,117
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OTHER FINANCING USES

Transfers to Other Funds	<u>179,654</u>
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TOTAL EXPENDITURES AND
OTHER FINANCING USES

\$8,039,771

BENTLEY COMMUNITY SCHOOL DISTRICT
TRUST AND AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS -
STUDENT ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

STUDENT ACTIVITY	Due to (From)	Receipts	Disbursements	Due to (From)
	Student Groups July 1, 2007			Student Groups June 30, 2008
Administration Office	\$0	\$1,562	\$580	\$982
Adopt-A-Wall	21	0	21	0
Art Fees - Sr. High	739	949	1,311	377
Athletic Office	5,321	4,771	653	9,439
Athletic Resale	1,181	114	1,295	0
Band Account	1,410	8,488	8,391	1,507
Barhitte Activities	9,175	684	3,397	6,462
Barhitte Christmas Fund	0	600	0	600
Barhitte Library	663	2,668	1,987	1,344
Barhitte Office	9,599	20,455	20,744	9,310
Barhitte Rooms	3,455	2,477	2,927	3,005
Barhitte Trip	3,358	10,329	10,738	2,949
Baseball - Sr High	403	10,928	11,327	4
Basketball - Boys Varsity	1,049	10,319	10,759	609
Basketball - Girls	17,540	18,996	26,476	10,060
Basketball - Girls - 7th & 8th	821	0	765	56
Bentley Skeet Club	822	6,000	2,229	4,593
Book Club - HS	61	0	0	61
Booster Fund Raiser - JH	692	3,306	0	3,998
Boosters Group - HS	4,806	0	4,806	0
Boosters Group - JH	4,171	0	4,171	0
Cedar Point Trip	190	7,033	7,032	191
Cheerleaders - JV	70	0	0	70
Cheerleaders - Varsity	924	721	1,572	73
Class of 2008	533	6,259	6,359	433
Class of 2009	1,779	15,510	16,601	688
Class of 2010	1,364	1,023	2,285	102
Class of 2011	200	582	558	224
Close Up	26	0	0	26
Drama - Sr High	7,636	6,985	10,144	4,477
Employee Activities	0	2,186	2,186	0
Environmental Club	546	375	176	745
Faculty - Jr. High	4,811	1,432	1,360	4,883
Field Trip - Jr. High	821	172	530	463
Football - Jr. High 7/8 Grade	0	220	0	220
5th Grade Student Acct - JH	1,051	329	486	894
French Club	492	0	492	0
Golf Account	645	0	150	495
Guidance - Sr. High	39	200	0	239
Honor Society - Sr. High	755	3,590	3,606	739
Honors Club - Jr. High	2,862	0	404	2,458
Jet League - Jr. High	2,629	375	1,980	1,024
<u>Subtotal</u>	<u>\$92,660</u>	<u>\$149,638</u>	<u>\$168,498</u>	<u>\$73,800</u>

BENTLEY COMMUNITY SCHOOL DISTRICT
TRUST AND AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS -
STUDENT ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

STUDENT ACTIVITY	Due to (From) Student Groups July 1, 2007	Receipts	Disbursements	Due to (From) Student Groups June 30, 2008
Knights of Columbus	\$1,309	\$224	\$74	\$1,459
Library - Jr. High	1,216	1,410	1,722	904
Library - Sr. High	655	0	56	599
Office Acct - Sr. High	9,235	5,619	9,293	5,561
Pickler Scholarship	0	500	500	0
Power Lifting Club HS	319	0	160	159
PRIDE Account	212	206	124	294
Project GROW	15	0	0	15
Sadd Club - Sr. High	175	2,195	1,690	680
School Supplies - Jr. High	363	75	0	438
Science Club - Sr. High	1,751	2,734	2,623	1,862
Skip Atherton/Bentley	186	91	200	77
Sloan Grant	604	0	604	0
Softball Account	86	0	0	86
Sports Club - Sr. High	1,674	19,573	13,295	7,952
Student Council - Sr. High	1,270	3,544	4,777	37
Student Govt - Jr. High	1,500	0	0	1,500
T & A Interest	1,886	3,953	2,065	3,774
T/A Account - Jr. High	8,310	14,183	14,818	7,675
Track Club - Sr. High	1,138	4,340	4,623	855
Volleyball Account	515	1,945	2,320	140
Wrestling - Jr. High	182	0	0	182
Wrestling - Youth	0	3,300	3,100	200
Yearbook - Sr. High	456	16,856	14,302	3,010
Young Readers Book Club	1,138	940	1,726	352
<u>TOTALS</u>	<u>\$126,855</u>	<u>\$231,326</u>	<u>\$246,570</u>	<u>\$111,611</u>

BENTLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2008

DATE OF ISSUE - November 24, 1998 Original amount of issue - \$208,460

1998 DURANT RESOLUTION PACKAGE BONDS

<u>PAYMENT DATE - MAY 15TH</u>	<u>INTEREST REQUIREMENT</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>TOTAL REQUIREMENT</u>
2009	\$3,038	4.761353%	\$11,602	\$14,640
2010	2,485	4.761353%	12,153	14,638
2011	26,333	4.761353%	72,022	98,355
2012	1,300	4.761353%	13,338	14,638
2013	665	4.761353%	13,974	14,639
<u>TOTAL</u>	<u>\$33,821</u>		<u>\$123,089</u>	<u>\$156,910</u>

DATE OF ISSUE - August 1, 2004 Original amount of issue - \$4,600,000

2004 SCHOOL BUILDING AND SITE BONDS

<u>PAYMENT DATE</u>	<u>INTEREST AMOUNT NOVEMBER 1</u>	<u>INTEREST AMOUNT MAY 1</u>	<u>RATE</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>TOTAL REQUIREMENT</u>
2008-2009	\$94,498	\$94,497	3.400%	\$95,000	\$283,995
2009-2010	92,883	92,882	3.400%	110,000	295,765
2010-2011	91,013	91,012	3.400%	125,000	307,025
2011-2012	88,888	88,887	3.450%	130,000	307,775
2012-2013	86,645	86,645	3.500%	140,000	313,290
2013-2014	84,160	84,160	3.700%	145,000	313,320
2014-2015	81,478	81,477	3.800%	155,000	317,955
2015-2016	78,532	78,533	3.900%	160,000	317,065
2016-2017	75,412	75,413	4.000%	170,000	320,825
2017-2018	72,013	72,012	4.050%	180,000	324,025
2018-2019	68,367	68,368	4.150%	190,000	326,735
2019-2020	64,425	64,425	4.200%	200,000	328,850
2020-2021	60,225	60,225	4.300%	210,000	330,450
2021-2022	55,710	55,710	4.400%	220,000	331,420
2022-2023	50,870	50,870	4.500%	230,000	331,740
2023-2024	45,695	45,695	4.650%	240,000	331,390
2024-2025	40,115	40,115	4.650%	255,000	335,230
2025-2026	34,186	34,186	4.650%	265,000	333,372
2026-2027	28,025	28,025	4.750%	275,000	331,050
2027-2028	21,494	21,494	4.750%	290,000	332,988
2028-2029	14,606	14,606	4.750%	305,000	334,212
2029-2030	7,362	7,363	4.750%	310,000	324,725
<u>TOTAL</u>	<u>\$1,336,602</u>	<u>\$1,336,600</u>		<u>\$4,400,000</u>	<u>\$7,073,202</u>

BENTLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2008

DATE OF ISSUE - June 28, 2006

Original amount of issue - \$570,000

2006 SCHOOL BUS BONDS

<u>PAYMENT DATE</u>	<u>INTEREST AMOUNT NOVEMBER 1</u>	<u>INTEREST AMOUNT MAY 1</u>	<u>RATE</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>TOTAL REQUIREMENT</u>
2008-2009	\$8,606	\$8,606	4.050%	\$85,000	\$102,212
2009-2010	6,885	6,885	4.050%	85,000	98,770
2010-2011	5,164	5,164	4.050%	85,000	95,328
2011-2012	3,443	3,443	4.050%	85,000	91,886
2012-2013	1,721	1,721	4.050%	85,000	88,442
<u>TOTAL</u>	<u>\$25,819</u>	<u>\$25,819</u>		<u>\$425,000</u>	<u>\$476,638</u>

BENTLEY COMMUNITY SCHOOL DISTRICT

BURTON, MICHIGAN

FEDERAL AWARDS
SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2008

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Lewis & Knopf, CPAs, P.C.

Serving You with Trust and Integrity

November 4, 2008

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education of
Bentley Community School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bentley Community School District, as of and for the year ended June 30, 2008, which collectively comprise the Bentley Community School District's basic financial statements and have issued our report thereon dated November 4, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bentley Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bentley Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bentley Community School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Bentley Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Bentley Community School District's financial statements that is more than inconsequential will not be prevented or detected by the Bentley Community School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Bentley Community School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bentley Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Bentley Community School District
Page 2
November 4, 2008

This report is intended solely for the information and use of management, the finance committee, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lewis & Knopf PC
LEWIS & KNOFF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS



Lewis & Knopf, CPAs, P.C.

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November 4, 2008

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

To the Board of Education of
Bentley Community School District

Compliance

We have audited the compliance of Bentley Community School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Bentley Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Bentley Community School District's management. Our responsibility is to express an opinion on Bentley Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bentley Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Bentley Community School District's compliance with those requirements.

In our opinion, Bentley Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Bentley Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Bentley Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bentley Community School District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.



Bentley Community School District
Page 2
November 4, 2008

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bentley Community School District, as of and for the year ended June 30, 2008, and have issued our report thereon dated November 4, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Bentley Community School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the finance committee, management, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lewis & Knopf PC
LEWIS & KNOFF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

BENTLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH PROJECT NUMBER	PROGRAM OR AWARD AMOUNT
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through Michigan Department of Education:			
Title I Grants to Local Education Agencies	84.010		
Title I (06-07)		71530-0607	\$102,323
Title I (07-08)		81530-0607	108,309
Total Title I Grants to Local Education Agencies			<u>\$210,632</u>
Special Education - Grants to States	84.027		
Service Provider Self Review		70440-0607	4,000
Innovative Education Program Strategies	84.298		
IASA Title V - Improving America's Schools Act (07-08)		80250-0708	269
Technology Literacy Challenge	84.318		
Technology Literacy Challenge (07-08)		84290-0708	1,018
Class Size Reduction Program	84.367		
Class Size Reduction Program (05-06)		60520-0607	2,440
Class Size Reduction Program (06-07)		70520-0607	55,148
Class Size Reduction Program (07-08)		80520-0708	46,412
Total Class Size Reduction Program			<u>\$104,000</u>
Total Passed Through Michigan Department of Education			<u>\$319,919</u>
Passed Through Genesee Intermediate School District:			
Special Education - Grants to States	84.027		
IDEA Flowthrough (06-07)		70450-0607	224,774
IDEA Flowthrough (07-08)		80450-0708	242,621
Total Special Education - Grants to States			<u>\$467,395</u>
Safe and Drug Free Schools (07-08)	84.186	72860-0607	1,336
Total Passed Through Genesee Intermediate School District			<u>\$468,731</u>
<u>TOTAL U.S. DEPARTMENT OF EDUCATION</u>			<u>\$788,650</u>

ACCRUED (DEFERRED) REVENUE JULY 1, 2007	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	ADJUSTMENTS PRIOR YEARS	CURRENT YEAR CASH/ PAYMENTS IN KIND RECEIVED	ACCRUED (DEFERRED) REVENUE JUNE 30, 2008
\$13,521	\$102,323	\$0	\$0	\$13,521	\$0
0	0	108,309	0	91,447	16,862
<u>\$13,521</u>	<u>\$102,323</u>	<u>\$108,309</u>	<u>\$0</u>	<u>\$104,968</u>	<u>\$16,862</u>
4,000	4,000	0	0	4,000	0
0	0	269	0	269	0
0	0	768	0	768	0
310	2,440	0	0	310	0
4,472	54,373	775	0	5,247	0
0	0	46,412	0	46,412	0
<u>\$4,782</u>	<u>\$56,813</u>	<u>\$47,187</u>	<u>\$0</u>	<u>\$51,969</u>	<u>\$0</u>
<u>\$22,303</u>	<u>\$163,136</u>	<u>\$156,533</u>	<u>\$0</u>	<u>\$161,974</u>	<u>\$16,862</u>
2,335	224,774	0	0	2,335	0
0	0	242,621	0	242,621	0
<u>\$2,335</u>	<u>\$224,774</u>	<u>\$242,621</u>	<u>\$0</u>	<u>\$244,956</u>	<u>\$0</u>
0	0	1,336	0	1,336	0
<u>\$2,335</u>	<u>\$224,774</u>	<u>\$243,957</u>	<u>\$0</u>	<u>\$246,292</u>	<u>\$0</u>
\$24,638	\$387,910	\$400,490	\$0	\$408,266	\$16,862

BENTLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH PROJECT NUMBER	PROGRAM OR AWARD AMOUNT
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through Michigan Department of Education:			
Food Distribution Program:	10.550		
Entitlement Commodities		N/A	\$18,986
Bonus Commodities		N/A	0
Total Food Distribution Program			<u>\$18,986</u>
National School Breakfast Program	10.553	N/A	44,394
National School Lunch Program	10.555	N/A	127,537
Special Milk Program	10.556	N/A	<u>935</u>
Total Child Nutrition Cluster			\$172,866
Passed Through Genesee Intermediate School District:			
Nutrition Education & Physical Activity (PeaNut)	10.561	61-5003m	<u>5,897</u>
<u>TOTAL U.S. DEPARTMENT OF AGRICULTURE</u>			<u>\$197,749</u>
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>			
Passed Through Genesee Intermediate School District:			
Medical Assistance Program Title XIX	93.778	N/A	<u>5,000</u>
<u>TOTAL FEDERAL AWARDS</u>			<u><u>\$991,399</u></u>

<u>ACCRUED (DEFERRED) REVENUE JULY 1, 2007</u>	<u>PRIOR YEAR EXPENDITURES</u>	<u>CURRENT YEAR EXPENDITURES</u>	<u>ADJUSTMENTS PRIOR YEARS</u>	<u>CURRENT YEAR CASH/ PAYMENTS IN KIND RECEIVED</u>	<u>ACCRUED (DEFERRED) REVENUE JUNE 30, 2008</u>
\$0	\$0	\$18,986	\$0	\$18,986	\$0
0	0	0	0	0	0
<u>\$0</u>	<u>\$0</u>	<u>\$18,986</u>	<u>\$0</u>	<u>\$18,986</u>	<u>\$0</u>
0	0	44,394	0	44,394	0
0	0	127,537	0	127,537	0
<u>0</u>	<u>0</u>	<u>935</u>	<u>0</u>	<u>935</u>	<u>0</u>
\$0	\$0	\$172,866	\$0	\$172,866	\$0
0	0	1,494	0	1,494	0
<u>\$0</u>	<u>\$0</u>	<u>\$193,346</u>	<u>\$0</u>	<u>\$193,346</u>	<u>\$0</u>
0	0	4,949	0	4,949	0
<u>0</u>	<u>0</u>	<u>4,949</u>	<u>0</u>	<u>4,949</u>	<u>0</u>
<u>\$24,638</u>	<u>\$387,910</u>	<u>\$598,785</u>	<u>\$0</u>	<u>\$606,561</u>	<u>\$16,862</u>

BENTLEY COMMUNITY SCHOOL DISTRICT - BURTON, MICHIGAN
NOTES/RECONCILIATION TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL REVENUE RECOGNIZED FOR THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS

\$598,785

FEDERAL REVENUE RECOGNIZED PER THE GENERAL
PURPOSE FINANCIAL STATEMENTS

General Fund \$406,933

School Service Fund 191,852

TOTAL \$598,785

- 1) The Schedule of Expenditures of Federal Awards had been prepared under the modified accrual basis of accounting.
- 2) Management has utilized the Grants Section Auditors Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards. All differences between the Schedule of Expenditures of Federal Awards and the Form R7120 have been reconciled in the attached reconciliation on page 8 of this report.
- 3) As of the date of completion of fieldwork, the Schedule of Transfers to Sub-Recipients from the Intermediate School Districts was not available. The amounts shown on the Schedule of Federal Financial Assistance as flow through from the Intermediate School Districts may not be conclusive.

BENTLEY COMMUNITY SCHOOL DISTRICT - BURTON, MICHIGAN
RECONCILIATION OF FORM R 7120 "GRANT SECTION AUDITOR'S REPORT"
TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Current Payments Per the Grant Section Auditor's Report		
(Form R 7120)		\$172,866
Cash Management System		161,974
Total		<u>\$334,840</u>
 <u>Less:</u> State Funded Grants		
State Breakfast Program		
 <u>Add:</u> Grants Passed Through Genesee Intermediate School District:		
Special Education - Grants to States (CFDA 84.027)	\$244,956	
Safe and Drug Fee Schools (CFDA 84.186)	1,336	
Nutrition Education & Physical Activity (PeaNut) (CFDA 10.561)	1,494	
Medical Assistance Program Title XIX (CFDA 93.778)	4,949	
Total Grants Passed Through Genesee Intermediate School District:		<u>252,735</u>
 Entitlement and Bonus Commodities (CFDA 10.550)		<u>18,986</u>
 <u>TOTAL CURRENT YEAR RECEIPTS PER SCHEDULE OF</u>		
<u>EXPENDITURES OF FEDERAL AWARDS</u>		<u><u>\$606,561</u></u>

BENTLEY COMMUNITY SCHOOL DISTRICT - BURTON, MICHIGAN
SUMMARY OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:

Unqualified

Internal control over financial reporting:

- Is a “going concern” explanatory paragraph included in the audit report? ☐ Yes ☒ No
- Is a significant deficiency disclosed? ☐ Yes ☒ No
- Is any Significant deficiency reported as a material weaknesses? ☐ Yes ☒ None reported
- Is a material noncompliance disclosed? ☐ Yes ☒ No

Federal Awards

- Dollar threshold use to distinguish between type A and type B programs: \$ 300,000.00
- Did the auditee qualify as a low-risk auditee? ☒ Yes ☐ No
- Is a significant deficiency disclosed for any major program? ☐ Yes ☒ No
- Is any significant deficiency reported for any major program as a material weakness? ☐ Yes ☒ None reported

Type of auditor’s report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

☐ Yes ☒ No

Identification of major programs:

CFDA Number(s)
84.027/84.173

Name of Federal Program or Cluster
Special Education Cluster

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no current year findings.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no current year findings.